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Plastic Recycling Company to Move into Riverbank Industrial Complex

ITec Environmental Group, Inc. (OTCBB-ITCV) has entered into a five-year use agreement with a five-year option on a 54,354 sq. ft. steel frame building in the heavy industrial complex building in Riverbank, California. The agreement includes an additional 3,500 sq. ft. office space.

With funds from private investors, public grants and through partnerships with government organizations and environmental groups, ITec has developed a new cost-effective, environmentally sensitive technology, Eco2, for cleaning plastic contaminated by substances that make most types of plastic ineligible or simply uneconomic for conventional recycling programs.

ITec has developed the next generation of plastics recycling technology that is cost effective, profitable to operate and more importantly, environmentally friendly. Its proprietary closed-loop recycling system does not exchange one contaminate for another, but rather eliminates this inherent problem that is prevalent in existing technology.

The Eco2 System has demonstrated the ability to produce clean, 100% recyclable High Density Polyethylene (HDPE) flake from used motor-oil containers and other HDPE containers used to transport used oil and to recover the residual oil attached to the plastic, with no waste by-products. Although first focused on recycling used motor oil containers, further research and development (R&D) has now made it possible to expand its application to four additional usages: pesticide containers of HDPE, mixed HDPE color containers (detergent, shampoo, and Clorox containers), and Polyethylene Terephthalate (PET soft drink containers).

"Over the past 18 months we have been testing our Eco2 System technology which uses a environmental friendly co-solvent and carbon dioxide to clean post-consumer plastics, instead of water, to remove dirt, labels, glue and contaminates from the containers from plastics," stated Gary De Laurentiis, President of ITec Environmental Group. "We've been focusing on recovering very high quality food grade flake from recyclable plastic containers that existing systems either avoid or must ship overseas. The test results proved that this state of the art Eco2 System will produce a finished, odor free product for 30% less than other systems. The fact that the Eco2 System uses absolutely no water, and discharges nothing into the environment, is of great significance when one considers that this is an industry that exists to reduce damage to the environment, not simply substitute one source of pollution with another."

Mixed HDPE color containers will be recycled.

Centrifuge, vacuum system, and elutriator.

ITec has been conducting this R&D in a small plant in Oakdale, CA.

"ITec is now ready to take the Eco2 System to the next step and our needs for space have increased," stated De Laurentiis. "ITec would not be moving forward so quickly with full time production if it were not for the efforts of the individuals at NI Industries (the operating contractor at the Riverbank Army Ammunition Plant for the U.S. Army). NI Representatives were flexible and creative with issues including rent and tenant improvements. A huge factor in our decision to locate at Riverbank was the fact that we were able to put down a significantly smaller deposit - we were able to save almost $1 million. NI Industries also offered a graduated rent scale that will result in a 51% savings on the rent for the first year."

NI Industries has made all the necessary capital improvements including installing heating/ cooling and improving electrical

continued on pg. 2

Plastic Recycling Company Coming to Riverbank

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using ARMS program money to meet the facility needs of ITech.

"Usually one of the biggest costs in securing a location for a company like this is finding a facility with ample power," stated De Laurentiis. "The Riverbank facility came equipped with more than enough power. Also, we were able to get a much better electrical rate through the Riverbank AAP. Our electrical rate is almost a third less than the rate at other facilities in California. That's a major cost savings. Another attractive feature of the Riverbank AAP was the fact that they already had rail service. Most facilities don't have this and it helps us cut down on the shipping costs of our final product."

ITech believes, at full capacity, this new plant will produce approximately 6,000 pounds per hour of post-consumer PET beverage containers and HDPE used oil containers and employ approximately 48 production personnel. The plant is projected to reach capacity early in its second year of operation. Expected revenues for the plant are approximately $15,000,000 per year.

ITech expects to start ordering equipment for the plant in mid-September, with installation of the equipment taking approximately four months. ITech is making every effort to ensure testing of the Eco2 System will commence in December 2004.

ITec's ECO2 system designed to clean PET, HDPE, and oil bottles without the use of water.

Alliant Radford AAP Locates Second Cell Tower Site Under ARMS Program

Finished antenna top.

The ARMS Team at JMC approved an Immediate Use (I.U.) Project to perform environmental reviews, site design requirements, and project management to provide the pictured site for location of a 195ft Tower for USCellular. The site is located outside of the plant limited area fence, but inside the buffer zone fence, East of the main plant operations areas, and will generate significant revenues for the Government following amortization of the I.U. project in the first year.

This second site is located near the original site, and utilizes existing power lines which were available for the original tower, pictured left of the new tower.

Locating cellular communications equipment on existing and new structures on Army Property, produces revenue, promotes the ARMS Program, and implements Army Policy to establish such locations. The USCellular Tower is designed to handle multiple additional antennae co-locations by other cellular carriers as needed.

Secured site base.

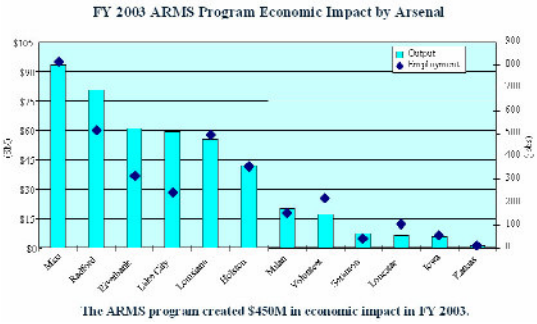
2003 ARMS Program: Savings & Economic Impacts

The following Army Ammunition Plants (AAPs) took part of the benefits and participated in the ARMS savings program:

Holston, Lonestar, Radford, Iowa, Louisiana, Riverbank, Volunteer, Kansas, Milan Scranton, Lake City, and Mississippi.

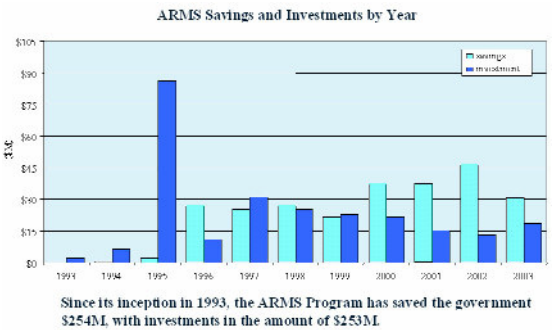
Saving up- According to the recently completed PriceWaterhouseCoopers report the ARMS program resulted in an outstanding savings of over $30.5 million to the Government in FY03. This savings reduce the Government's cost of owning and operating a facility and the cost of producing military products. The ARMS program is able to integrate these savings by integrating the following sources: (1) services performed in lieu of rent, (2) overhead absorbed by ARMS tenants, (3) overhead absorption by investments and incentives and (4) rent shared with the Government.

Economic Impact- ARMS program has a direct economic impact on the local economy from the ARMS investments, incentives and revenues by the tenants. It indirectly has an economic impact on all of the other businesses in the region resulting from business-to-business purchases and consumer spending.. The ARMS program created $450 million in economic impact in FY 2003 through direct and indirect impact outputs for the local regions.

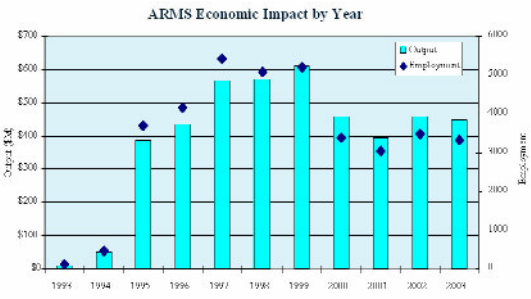


The ARMS program created $450M in economic impact in FY 2003.

In addition, in FY03 over 3,314 jobs were attributed to ARMS tenant activities and ARMS funding. These jobs would not likely have existed without the existence of the program.



Since its inception in 1993, the ARMS Program has saved the government $254M, with investments in the amount of $253M.



The ARMS Program from its inception has created $4.4B in economic value.

The Big Picture- Since the inception in 1993, The ARMS program has saved the government $254 million and with investments of $253 million and in excess of $250 million in private investment. Since 1993, the ARMS program has generated over $4.4 billion dollars in economic value (output and employment). Overall, the ARMS program has proven its success and continues to triumph.

Ionatron Signs Agreement to Move to MSAAP

Ionatron Inc., a next generation controlled energy technology company, has signed an agreement with Mason Technologies Inc. to occupy 50,000 square feet of space at the Mississippi Army Ammunition Plant. It is anticipated that the Company will complete its move to the facility during the first half of 2005.

Design efforts are presently underway to ready Building 9101 for occupancy by Ionatron, estimated to cost approximately $2.0M.

Ionatron believes its technology has numerous applications desired by all branches of the U.S. military and other U.S. government organizations interested in security and anti-terrorism. Ionatron's innovative directed energy technology will play a critical role in America's continued war on terrorism and in other conflicts.

Ionatron's new facilities at Stennis, coupled with the surrounding labor pool from the Gulf Coast, will help speed Ionatron's transition from the development stage to manufacturing. Ionatron expects to employ hundreds of individuals by the end of 2005, many slated to come from the local Gulf Coast area.

Lake City Manufacturing and Technology Accelerator

A comprehensive study conducted by the Missouri Enterprise Business Assistance Center and Pendulum Services, LLC, concluded that there is adequate demand for the establishment of a manufacturing and technology accelerator at the Lake City Army Ammunition Plant (AAP), according to Karen Davies, President of ATK Lake City Small Caliber Ammunition. The accelerator will be managed by Missouri Enterprise, a non-profit corporation.

"An 'accelerator' is an organization that helps businesses reduce time and resources needed to develop, manufacture and market their products. An 'accelerator' helps companies overcome barriers by providing critical tools, information, contacts, and resources that are otherwise unaffordable, inaccessible or unknown," said Dan Medley, Executive Vice President and Director of the Missouri Enterprise, Kansas City Region.

The study was partially funded under the Armament Retooling and Manufacturing Support (ARMS) Act, an incentive program, and was commissioned by ATK Lake City, an Alliant Techsystems Inc. (ATK) business, which operates the plant under a 25-year facility use agreement. The study compiled and analyzed data about incubators and accelerators in the Kansas City and Independence, Missouri areas, and those located at other ARMS facilities; regional demographics and economics; local support; regional national assets; military industrial base needs; interest in alternative facilities for current ATK Lake City suppliers; and past Small Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR) grant winners for the Department of Defense and Department of Energy programs.

The study included a survey of 118 of ATK Lake City's largest suppliers, several of which expressed interest in relocating part or all of their operation to the proposed accelerator. Many of the SBIR and STTR award winners that were interviewed indicated that a manufacturing and technology accelerator, such as the accelerator proposed for Lake City, could be most helpful to them as they develop their technology applications.

The study found that:

- There is a need for and resources available to support an accelerator
- An accelerator will support DoD technology and manufacturing technological advancements
- A new nonprofit entity should be formed to manage the accelerator
- Funding can be obtained for facilitation, start-up and initial operation of the accelerator until it can become self-sufficient

The National Association of Manufacturers (NAM) has chosen Kansas City for a pilot program aimed at educating students and young adults about the modern working conditions of the manufacturing industry. According to Dan Medley, the Lake City accelerator will complement the NAM Kansas City pilot program.

"We look forward to working with Missouri Enterprise for the establishment of the manufacturing and technology accelerator at Lake City," said Jack Figg, Director, ARMS and Community Affairs, for ATK Lake City . "The accelerator should be able to leverage Lake City AAP assets with the ARMS program and provide new opportunities for our regional manufacturing industry. It will provide a platform for attracting manufacturing companies and technologies to support Army and ATK activities and it will strengthen manufacturing employment in the Kansas City metropolitan area and western Missouri region."

As background information, Missouri Enterprise is a 501 (c)(3) nonprofit corporation that provides business and technical assistance to help Missouri companies succeed. It manages the Manufacturing Extension Partnership in Missouri funded by the National Institute of Standards and Technology (NIST); an Advanced Manufacturing Training Program funded by the U. S. Dept of Labor; a value added agriculture program funded by the U.S. Dept. of Agriculture; and a State of Missouri Innovation Center.

FRC Successfully Passes First Article Acceptance Test (FAAT) on MJU-38/B

FR Countermeasures Inc. (FRC) has successfully complied with all U.S. Navy requirements for formulation, manufacturing and testing of the MJU-38/B Naval Decoy Flare.

The Decoy Flares are used to defend Military Aircraft from Infra-red Heat seeking missiles. FRC will now begin manufacturing of its first Military order of 32,340 flares secured under contract number N00104-03-C-K-126.

FRC will also be set up to manufacture a new advanced technology IR airborne countermeasure with a multi spectral capability in order to provide the U.S. and Allied Air and Naval Air Forces the means to recapture the low altitude battle space previously denied them.

FR Countermeasures Inc., formed in May 2002 is a U.S. division of Cobham Countermeasures, a Cobham plc company based in the United Kingdom. The FRC facility is located in Milan, Tennessee occupying space within the U.S. Army Ammunition Plant. FRC has invested $25 million into the development of a world class pyrotechnic facility. The majority of this huge investment has been to transform the former ammunition load/assemble/pack facility for conventional MTV (magnesium-teflon-viton) Infrared (IR) flare production. Through this investment FRC has introduced world class safety, quality and technology into the competitive industry to become the world leader in flare design and manufacture.

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